

ORIGINAL NEW APPLICATION

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February 8, 2007

**By Overnight Delivery**

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Brian C. McNeil  
Executive Secretary  
Arizona Corporation Commission  
1200 W. Washington Street  
Phoenix, AZ 85007-2927

T-02871A-07-0094

**Re: Application of Global Tel\*Link Corporation for Approval of Issuance of Debt and Related Financing Transactions**

Dear Mr. McNeil:

On behalf of Global Tel\*Link Corporation, enclosed for filing are an original and thirteen (13) copies of the above-referenced Application. Also enclosed in a diskette with electronic copies of the Joint Application in MSWord and PDF formats.

Please date stamp the extra copy of this filing and return it in the self-addressed, postage paid envelope provided. Should you have any questions regarding this filing, please do not hesitate to contact Brett Ferenczak at 202-373-6697.

Respectfully submitted,

Jean L. Kiddoo  
Brett P. Ferenczak

Counsel for Global Tel\*Link Corporation

cc: Lance J.M. Steinhart (Counsel for Global Tel\*Link Corp.)

Enclosures

Arizona Corporation Commission  
**DOCKETED**

**FEB 09 2007**

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AZ CORP COMMISSION  
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1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2  
3 JEFF HATCH-MILLER  
4 Chairman

5 WILLIAM A. MUNDELL  
6 Commissioner

7 MIKE GLEASON  
8 Commissioner

9 KRISTIN K. MAYES  
10 Commissioner

11 BARRY WONG  
12 Commissioner

13  
14 )  
15 In the Matter of the Application of Global )  
16 Tel\*Link Corporation for Authorization to )  
17 Encumber and/or Mortgage its Assets )  
18 )  
19

Docket No. \_\_\_\_\_

20 **APPLICATION OF GLOBAL TEL\*LINK CORPORATION**

21 Global Tel\*Link Corporation ("GTL" or "Applicant"), through its undersigned counsel and  
22 pursuant to A.R.S. § 40-285 and the rules of the Arizona Corporation Commission ("Commission"),  
23 hereby request such Commission approval as may be necessary for GTL to encumber and/or  
24 mortgage its assets in connection with certain debt issuance financing arrangements. Specifically,  
25 GTL will act as a borrower on certain secured credit facilities and term loan agreements in the  
26 aggregate amount of up to \$250 million (the "Transactions"). GTL, therefore, requests approval to  
27 grant a security interest in substantially all of its assets in support of the Transactions.<sup>1</sup>

<sup>1</sup> On February 7, 2007 GTL filed an application to cancel the coin operated pay telephone certificate issued in Docket No. T-03182A-96-0293 to TCG Payphones, Inc. ("TCG"), a subsidiary of GTL, on the basis that all of the Company's payphone services in Arizona are provided by GTL and there are no services provided under the TCG certificate. See T-03182A-07-0086. All of GTL's subsidiaries, including TCG, will be guarantors and pledge their assets as part of the Transactions. Given that TCG does not have any operations in Arizona subject to its certificate,

1 Applicant emphasizes that the Transactions and pledge for which approval is sought are all  
2 financial in nature and that none of those Transactions will affect the technical or managerial  
3 qualifications of GTL or directly affect GTL's services to customers in Arizona. Furthermore, the  
4 Transactions will not involve the issuance of stock and the existing GTL owners will continue to  
5 hold their existing ownership interests. As financial transactions, the Transactions will not affect  
6 the day-to-day operations of GTL or change any of the rates, terms or conditions under which GTL  
7 provides service.

8 The public interest will be best served by the expeditious approval of this Application. The  
9 additional financing which GTL will receive as a result of the Transactions will reinforce the  
10 financial strength of GTL, allow GTL to retire its previous borrowing, allow GTL to obtain  
11 financing on favorable terms and allow GTL to pursue significant expansion of its business  
12 operations. Important business considerations require that the Transactions described herein be  
13 completed as soon as possible. Accordingly, Applicant respectfully requests that the Commission  
14 approve this Application on an expedited emergency basis.

15 In support of this Application, Applicant further states as follows:

16 **DESCRIPTION OF THE APPLICANT**

17 GTL is a Delaware corporation with offices located at 2609 Cameron Street, Mobile, AL  
18 36608. GTL is authorized to provide interstate and international services pursuant to authority  
19 granted by the Federal Communications Commission ("FCC") and holds authority to provide  
20 competitive telecommunications services throughout most of the continental United States. In  
21 particular, GTL specializes in, and a substantial portion of its business consists of, the provision  
22 of payphone and inmate only services. In Arizona, GTL is authorized to provide pay telephone

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GTL does not believe that TCG's encumbrance requires Commission approval. However, to the extent that TCG's certificate has not been cancelled as of the time that the Commission issues its decision, and to the extent that the

1 services pursuant to a Certificate of Convenience and Necessity issued in Decision No. 59429,  
2 on December 20, 1995. Further information regarding GTL and the services it provides have  
3 previously been submitted to the Commission, are therefore a matter of public record, and are  
4 incorporated herein by reference.

5 GTL is a wholly owned direct subsidiary of GTEL Holdings, Inc. ("Holdings").  
6 Holdings is owned by (a) three Delaware limited partnerships that compromise a private equity  
7 fund managed by The Gores Group, LLC ("Gores Group"), a preeminent private investment firm  
8 which focuses its investments on opportunities in the technology and telecommunications sectors  
9 and (b) a group of private equity funds managed by Goldman Sachs.

#### 10 **CONTACT INFORMATION**

11 Correspondence concerning this Application may be directed to:

12 Jean L. Kiddoo  
13 Brett P. Ferenchak  
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21 and:

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23 Lance J.M. Steinhart, PC  
24 1720 Windward Concourse, Suite 250  
25 Alpharetta, Georgia 30005  
26 (770) 232-9200 (Tel)  
27 (770) 232-9208 (Fax)  
28 lsteinhart@telecomcounsel.com

#### 29 **DESCRIPTION OF THE TRANSACTIONS**

Commission believes that approval of the pledge is technically required, GTL respectfully asks that the Commission's order approving the Transactions include approval for TCG's encumbrance as well as that of GTL.

1 Applicant seeks approval to participate in a series of debt financing Transactions.  
2 Specifically, Applicant seeks approval grant a security interest in its assets for certain new senior  
3 secured long term debt arrangements in the aggregate amount of up to \$250 million. Applicant will  
4 also be the borrower for the proposed financing arrangements, which are expected to include both  
5 revolving long-term credit arrangement and term loan components.

6 The proposed indebtedness will replace Applicant's outstanding credit facilities and thereby  
7 allow Applicant to obtain long term credit on favorable terms. In addition, Applicant expects that  
8 the proposed issuance will (a) substantially increase the ability of Applicant to substantially expand  
9 its operations in Arizona, (b) allow a one time distribution by the Applicant to Holdings, the  
10 proceeds of which are applied by Holdings (i) to pay a deferred redemption amount on Holdings  
11 preferred stock, (ii) to pay a dividend on Holdings common stock, and (iii) to contribute to the  
12 Applicant's equity incentive bonus plan, which shall be paid by the Applicant to the eligible  
13 employees participating in the plan through normal payroll procedures, (c) fund potential  
14 acquisitions,<sup>2</sup> and (d) provide Applicant with the financial resources necessary to compete  
15 effectively with other service providers in Arizona.

16 The proposed financing has not been completed. However, for urgent business reasons,  
17 Applicant anticipates the proposed Transactions will need to be completed on a highly expedited  
18 basis. Applicant therefore respectfully requests that the Commission grant such approval as may  
19 be available to allow the Transactions to proceed on an expedited basis.

#### 20 **PUBLIC INTEREST CONSIDERATIONS**

21 Applicant respectfully submits that the Transactions described in this Application will serve  
22 the public interest. In particular, Applicant submits that: (1) the Transactions increase competition  
23 in the Arizona telecommunications market by reinforcing Applicant's status as a viable competitor

1 and ensuring that Applicant can continue to provide service on an uninterrupted basis; (2) the  
2 contemplated Transactions will allow Applicant to significantly expand its operations, including in  
3 Arizona, and (3) the proposed Transactions for which approval is sought are solely financial  
4 arrangements that will not affect the day-to-day operations of Applicant and will be entirely  
5 transparent to its customers.

6 The Transactions are expected to support competition in Arizona. In particular, the  
7 financing Transactions described above will provide GTL with substantial additional capital that  
8 will allow the company to continue to compete effectively as a leading provider of payphone and  
9 inmate-only payphone services. The additional financing provided by the financing Transactions  
10 will also allow GTL to continue to execute the company's business plan and offer alternative high-  
11 quality, competitively priced services to a substantial number of potential customers in its operating  
12 areas.

13 At the same time, the financing Transactions will be entirely transparent to existing GTL  
14 customers. The proposed Transactions do not create any new owners of GTL and will not affect the  
15 day-to-day management of GTL or the services that GTL provides. Because the Transactions are  
16 financial in nature and will not affect the rates, terms and conditions under which GTL operates, the  
17 financing Transactions will be entirely transparent to customers of GTL in terms of the services  
18 those customers receive.

19 **RELIEF REQUESTED**

20 WHEREFORE, Applicant respectfully requests that the Commission Authorize the  
21 pledge, mortgage, lien, and/or encumbrance of the assets of GTL in connection with the  
22 financing arrangements described herein.

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<sup>2</sup> Applicant will make any necessary filings for those potential acquisitions.

1 CONCLUSION

2 For the reasons stated above, Applicant respectfully submits that the public interest,  
3 convenience, and necessity would be furthered by a grant of this Application on an expedited,  
4 emergency basis.

5 Respectfully submitted,

By: Brett Ferenczak  
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COUNSEL FOR APPLICANT

6 Dated: February 8, 2007

7 Original and 10 copies of the  
8 foregoing deposited with FedEx for  
9 overnight delivery this 8th day of  
10 February, 2007, with:

11 The Arizona Corporation Commission  
12 Utilities Division - Docket Control  
13 1200 W. Washington Street  
14 Phoenix, Arizona 85007

1 Copy of the foregoing with FedEx for  
2 overnight delivery this 8th day of  
3 February, 2007, to:  
  
4 Christopher Kempley, Chief Counsel  
5 Legal Department  
6 Arizona Corporation Commission  
7 1200 W. Washington Street  
8 Phoenix, Arizona 85007  
  
9 Ernest Johnson, Director  
10 Utilities Division  
11 1200 W. Washington Street  
12 Phoenix, Arizona 85007  
  
13 Lyn Farmer, Chief Administrative Law Judge  
14 Hearing Division  
15 1200 W. Washington Street  
16 Phoenix, Arizona 85007  
17



## Verification

STATE OF ALABAMA

§

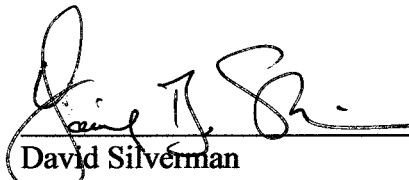
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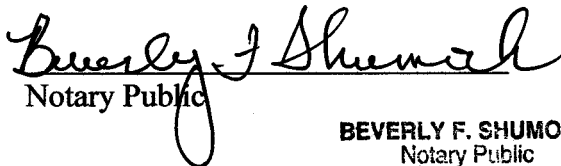
**VERIFICATION**

I, David Silverman, state that I am Senior Vice President and General Counsel of Global Tel\*Link Corporation; that I am authorized to make this Verification on behalf of Global Tel\*Link Corporation; that the foregoing filing was prepared under my direction and supervision; and that the contents are true and correct to the best of my knowledge, information, and belief.



David Silverman  
Senior Vice President and General Counsel  
Global Tel\*Link Corporation

Sworn and subscribed before me this 17<sup>th</sup> day of January, 2007.

  
Notary Public

My commission expires October 25, 2009

**BEVERLY F. SHUMOCK**  
Notary Public  
Alabama  
State At Large  
My Commission Expires October 25, 2009

# **Floppy Disc**

**-Global Tel\*Link Corporation  
February 8<sup>th</sup> 2007**

**TO REVIEW SEE DOCKET  
SUPERVISOR**

**DOCKET # T-02871A-07-0094**